

Charitable Gaming

Charitable gaming includes licensed bingo and associated games such as pull-tabs, merchandise coin boards and other "free" no charge promotional events. The operation of these games is restricted to qualified licensed, religious, charitable, fraternal, veteran and service organizations. In addition, to qualify for the license, the organization must possess an Internal Revenue Service 501(c) (3), (4), (5), (7), (8), (10), (19), or 501 (d) exemption. Organizations must have been in continuing existence in this state for at least five years preceding making of application and have had at least 20 bona fide members during that period.

All proceeds derived from the conduct of bingo must be used for lawful, charitable, religious or philanthropic purposes of the organization, and no part of the net earnings may inure to the benefit of any individual member of the organization.

The number of bingo licensees continues to decline each year with a total of 483 regular licensees in FY 2004. This is down approximately 34 licensees from the previous fiscal year. The chart below reflects the total number of licensees over the past three years.

TYPE OF LICENSE	FY 02	FY 03	FY 04
Regular Bingo	550	517	483
Special Bingo (Valid for one event from 1 to 7 days)	345	350	361
Abbreviated Pull-Tab (Valid for 24 hours, limit 4 per calendar year)	159	141	142
Supplier	7	7	7
Manufacturer	11	13	13
Hall Provider	147	151	141

The fees charged for the various licenses within the Charitable Games Division are as follows:

Regular Bingo License	\$50
Special Bingo License	\$25
Abbreviated Pull-Tab License	\$10
Supplier License	\$5,000 (new) \$1,000 (renewal)
Manufacturer License	\$1,000 (new) \$500 (renewal)
Hall Provider License - the fee is based on the number of occasions conducted on the premises	\$150 (new per organization) \$100 (renewal per organization)

The following chart represents the licensing fees collected for the past three fiscal years.

Type of License	FY02	FY03	FY04
Bingo Licenses	\$ 38,905	\$ 36,670	\$ 36,790
Manf./Supplier Licenses	\$ 20,000	\$ 20,000	\$ 14,500
Hall Provider Licenses	\$ 13,000	\$ 13,150	\$ 10,950
Miscellaneous (statute book sales, directory sales, interest)	\$ 20,147	\$ 610	\$ 524
Total	\$ 92,052	\$ 70,430	\$ 62,764

The current tax rate for bingo paper is 2/10^{ths} of one cent per bingo face. The current tax rate for pull-tabs is 2% of the retail sales value of each pull-tab deal. The tax is remitted by the suppliers and is due by the last day of the month following the month the product was sold. The supplier retains 2% of the total due for the cost of collection. The following chart represents the bingo tax collected over the past three fiscal years. All bingo tax is deposited into the Proceeds for Education Fund.

Proceeds for Education	FY02	FY03	FY04
Supplier Tax	\$ 3,187,204	\$ 3,209,784	\$ 2,909,716
Interest Earned	\$ 227,365	\$ 143,210	\$ 86,838
TOTAL	\$ 3,414,569	\$ 3,352,994	\$ 2,996,554



The Missouri Gaming Commission adopted two new regulations in FY 2004. Regulation 11 CSR 45-30.540 requires manufacturers to obtain Commission approval for all new pull-tab or coin board games prior to making them available to licensed suppliers to sell to organizations licensed to conduct bingo. This rule also clarifies that bingo paper, which does not meet the legal description stated in Chapter 313.005 RSMo, will be considered contraband. Regulation 11 CSR 45-30.550 requires all licensees to take reasonable action to prevent misconduct and/or to report any misconduct that may occur in association with bingo activities.

The bingo section received 73 complaints, 56 of which were completed in the same year. The enforcement section conducted 22 inspections during FY 2004. The audit staff assisted the enforcement section with 11 of these inspections. The audit section conducted 85 additional audits, including bingo product manufacturers, suppliers and charity game operators. Audits and inspections are initiated by complaint, random selection or by request from the organization. At the end of this fiscal year, the audit section began implementation of a new approach to auditing the bingo operators as well. Previously, most operator audits were unannounced audits conducted during the operators' bingo occasions that are usually held in the evening or on weekends. Although the audit staff was able to observe the conduct of the game, many times the necessary records

needed to complete a full audit were unavailable that evening. This approach also limited the time the representatives of the organization had to spend with the staff to clarify questions or concerns. Therefore, the audit staff has begun setting appointments with the operators to meet with their representatives during the day to ensure the necessary records are available at the time of the audit. This allows the organization to ensure that appropriate representatives are present to ask any questions and receive assistance in areas of concern to them. This new approach should prove to be much more efficient and cost effective for the State of Missouri and also appears to be well received by the organizations.

Bingo statutes and regulations establish due dates for suppliers, hall providers and bingo operators to submit renewal applications and quarterly reports. Failure to meet the established due dates result in a penalty being assessed in the amount of \$5 per day. Penalties are also assessed in some disciplinary cases. The penalty is collected by the Bingo Division and then forwarded to the County Treasurer in the county where the company or organization is located for deposit in the county school fund. During FY 2004, the bingo section processed 187 penalties that resulted in \$11,765.00 additional funds for various schools throughout Missouri.

Officers and/or workers of charitable organizations participating in the management, conduct or operation of bingo may only participate if they have never been convicted of a felony. The Commission performs a criminal background check on all names submitted to ensure no felons are involved. During FY 2004, a total of 28,450 record checks were performed and a total of 50 convicted felons were identified and excluded from participating in the management or operation of charitable games. The total number of felons excluded since the Charitable Games Division was moved to the Missouri Gaming Commission in 1994 is 635.